

# Massachusetts Acute Hospital and Health System Financial Performance

## Cumulative Fiscal Year Data through September 30, 2021



### DECEMBER 2021

#### About this Report

The Center for Health Information and Analysis (CHIA) reports quarterly on the financial performance of the Commonwealth's acute care hospitals, associated hospital health systems (HHS), and affiliated physician organizations. This report provides a quarterly update on profitability, liquidity, and solvency for the fiscal year-to-date period ending September 30, 2021. Steward Health Care provided its hospital data, however, it did not submit the required HHS or physician organization data. Trinity Health provided its hospital and physician organization data, however, it did not submit the required HHS data. Most hospitals and health systems have a September 30<sup>th</sup> fiscal year end and as such, data for those hospitals are not due until January 2022.

COVID-19 relief funding was distributed beginning in April 2020 and a portion of this funding was reported as operating revenue. Most of the relief funding was received and reported in fiscal year 2020, but some entities continued to recognize that funding through the period ending September 30, 2021.

Entity	Organization Type	Months Reported	Operating Margin	Non-Operating Margin	Total Margin	COVID Funding in Operating Revenue <sup>1</sup> (in millions)	Excess (Deficit) of Revenue over Expenses (in millions)	Current Ratio	Net Assets (in millions)
<b>Cambridge Health Alliance</b>		<b>3</b>	<b>-4.7%</b>	<b>3.2%</b>	<b>-1.5%</b>	<b>\$0.0</b>	<b>(\$2.9)</b>	<b>4.0</b>	<b>\$296.6</b>
Cambridge Health Alliance ε	Teaching Hospital	3	-4.7%	3.2%	-1.5%	\$0.0	(\$2.9)	4.0	\$296.6
<b>Shriners Hospitals for Children</b>		<b>9</b>	<b>-13.8%</b>	<b>60.4%</b>	<b>46.6%</b>	<b>\$0.0</b>	<b>\$649.8</b>	<b>10.0</b>	<b>\$10,802.4</b>
Shriners Hospital for Children - Boston*	Specialty Hospital	9	* Shriners Hospital Boston (SHB) and Shriners Hospital Springfield are part of the national Shriners Hospitals for Children system (SHC) and are reliant upon support from the SHC endowment to cover the costs associated with fulfilling their mission to provide care to patients regardless of their ability to pay. This support is provided through transfers from the SHC's endowment to the hospitals, as these transfers are not considered revenue for the purpose of calculating profitability margin. SHB's and SHS's profitability margins are not comparable to other acute hospitals. Therefore, they have been excluded from the graphics but are included in the statewide median and the databook.						
Shriners Hospital for Children - Springfield*	Specialty Hospital	9							
<b>Steward Health Care</b>	<b>Steward Health Care did not submit the required hospital health system data</b>								
Morton Hospital	Community-High Public Payer	9	-11.8%	0.0%	-11.8%	\$0.0	(\$12.3)	1.0	\$33.7
Nashoba Valley Medical Center	Community-High Public Payer	9	-15.6%	0.0%	-15.6%	\$0.0	(\$6.9)	1.1	\$8.5
Steward Carney Hospital ε	Teaching Hospital	9	-49.6%	0.0%	-49.6%	\$0.0	(\$36.3)	0.8	\$31.6
Steward Good Samaritan Medical Center	Community-High Public Payer	9	4.8%	0.0%	4.8%	\$0.0	\$11.2	1.0	\$42.3
Steward Holy Family Hospital	Community-High Public Payer	9	1.4%	0.0%	1.4%	\$0.0	\$2.9	1.2	\$37.0
Steward Norwood Hospital	Community-High Public Payer	9	-234.1%	0.0%	-234.1%	\$0.0	(\$37.3)	-0.1	(\$10.6)
Steward Saint Anne's Hospital	Community-High Public Payer	9	15.3%	0.0%	15.3%	\$0.0	\$36.6	1.3	\$47.4
Steward St. Elizabeth's Medical Center ε	Teaching Hospital	9	3.4%	0.0%	3.4%	\$0.0	\$11.3	1.0	\$120.3
Steward Medical Group	Physician Organization		Steward Health Care did not submit the required physician organization data						
<b>Tenet Healthcare</b>		<b>9</b>	<b>7.9%</b>	<b>-3.2%</b>	<b>4.7%</b>	<b>\$53.0</b>	<b>\$665.0</b>	<b>1.3</b>	<b>\$3,683.0</b>
MetroWest Medical Center	Community-High Public Payer	9	-0.4%	0.3%	-0.1%	\$0.0	(\$0.2)	0.7	\$21.3
Saint Vincent Hospital ε	Teaching Hospital	9	-13.7%	-1.6%	-15.3%	\$0.0	(\$49.7)	0.9	\$237.2
Metrowest Physician Services	Physician Organization	9	-49.9%	0.0%	-49.9%	\$0.0	(\$4.5)	-	-
Saint Vincent Medical Company	Physician Organization	9	-43.6%	0.0%	-43.6%	\$0.0	(\$11.7)	-	-
<b>Trinity Health</b>	<b>Trinity Health did not submit the required hospital health system data</b>								
Mercy Medical Center	Community-High Public Payer	3	-1.8%	0.6%	-1.2%	\$0.0	(\$1.0)	1.3	\$197.3
Mercy Inpatient Medical Associates	Physician Organization	3	-39.3%	0.0%	-39.3%	\$0.0	(\$1.8)	-	-
Mercy Medical Group	Physician Organization	3	-6.5%	0.0%	-6.5%	\$0.0	(\$0.1)	-	-
Mercy Specialist Physicians	Physician Organization	3	5.2%	0.0%	5.2%	\$0.0	\$0.1	-	-
Pioneer Valley Cardiology Associates	Physician Organization	3	-7.7%	0.0%	-7.7%	\$0.0	(\$0.3)	-	-
Riverbend Medical Group	Physician Organization	3	-27.5%	0.0%	-27.5%	\$0.0	(\$5.1)	-	-

**Notes:**

All dollar values are in millions.

<sup>1</sup> Sum of amounts reported as Other Operating Revenue: Federal COVID-19 Relief Funds and Other Operating Revenue: State & Other COVID-19 Relief Funds. This value does not include COVID-19 relief funds reported on other line items.

ε Indicates a Hospital meets the High Public Payer threshold.

- Indicates current ratio and net assets are not collected from the physician organization.

## REPORT NOTES

### Description of Financial Metrics

Financial ratio analysis is one critical component of assessing an entity's financial condition. As part of this quarterly financial performance report, the Center for Health Information and Analysis (CHIA) collects data and reports on profitability, liquidity, and solvency metrics. The measures are used for hospitals and hospital health systems. The physician organizations only report on profitability metrics. Below are the descriptions and calculations for each.

#### Operating Margin

Operating income is income from normal operations of an entity, including patient care and other activities, such as research, gift shops, parking, and cafeteria, minus the expenses associated with such activities. Operating margin is a critical ratio that measures how profitable the entity is when looking at the performance of its primary activities.

Of note, some federal and state COVID-19 relief funds received are included in the entity's operating income.

Operating Margin = (Total Operating Revenue - Total Expenses Including Nonrecurring Gains Losses) / Total Unrestricted Revenue, Gains, and Other Support

#### Total Margin

This ratio evaluates the overall profitability of the entity using both operating surplus (or loss) and non-operating surplus (or loss).

Total Margin = Total Excess of Revenue, Gains, and Other Support Over Expenses / Total Unrestricted Revenue, Gains, and Other Support

#### COVID Funding in Operating Revenue

This metric sums all sources of COVID-19 relief funding that was recorded as other operating revenue in the financial statements. This may include COVID-19 relief funding received under the CARES Act, HHS public health and social service emergency funds, private foundation grants or contributions, state relief funds, or MassHealth advance payments.

COVID Funding in Operating Revenue = Other Operating Revenue: Federal COVID-19 Relief Funds + Other Operating Revenue: State & Other COVID-19 Relief Funds

#### Total COVID Funding

This metric sums all sources of COVID-19 relief funding regardless of how that funding was reported in the financial statements. Some COVID-19 relief funding was reported as net patient service revenue, current liabilities, and long-term liabilities. Additionally, some of these funds were received as loans or advanced payments and will be required to be repaid.

Health care providers had until June 30, 2021 to use the Provider Relief Funds received prior to June 30, 2020. For funds received after June 30, 2020 the deadline to use funds varies by time period. Providers are also permitted to transfer certain funds to affiliated health care providers.

## Current Ratio

This ratio measures an entity's ability to meet its current liabilities with its current assets. A ratio of 1.0 or higher indicates that current liabilities could be adequately covered by the entity's existing current assets.

Current Ratio = Total Current Assets / Total Current Liabilities

## Other Measures

- **Total Excess of Revenue, Gains, and Other Support Over Expenses:** Total dollar amount of surplus or loss derived from all operating and non-operating activities
- **Other Operating Revenue: Federal COVID-19 Relief Funds:** Revenue an entity received from the federal government related to the COVID-19 pandemic that has been recognized as operating revenue.
- **Other Operating Revenue: State & Other COVID-19 Relief Funds:** Revenue an entity received from the state government or source other than the federal government related to the COVID-19 pandemic that has been recognized as operating revenue.
- **Net Assets:** For not-for-profit entities, this represents the difference between the assets and liabilities of an entity, comprised of retained earnings from operations and contributions from donors. Changes from year to year are attributable to two major categories: (1) increases and/or decreases in Unrestricted Net Assets, which are affected by operations, and (2) changes in Restricted Net Assets (restricted contributions). The for-profit equivalent of Total Net Assets is Owner's Equity.

## Data Caveats

Tenet Healthcare is a nationwide health system and their health system level financial metrics represent that of the entire system.

For health systems that did not report COVID-19 relief funding at the system-level, the Total COVID Funding Reported metric is equal to the sum of the funding reported for each of their affiliated entities.

Data represents the period through September 30, 2021 and is not necessarily an indication of the financial position that an entity will have at its fiscal year end.

## CENTER FOR HEALTH INFORMATION AND ANALYSIS

501 Boylston Street, Boston, MA 02116

617. 701. 8100 | [www.chiamass.gov](http://www.chiamass.gov)

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